

## Message Text

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PAGE 01 STATE 106878  
ORIGIN NEA-10

INFO OCT-01 ISO-00 H-01 L-03 EB-07 SS-15 NSC-05 INR-07  
SP-02 /051 R

DRAFTED BY NEA:SSOBER:BDF  
APPROVED BY NEA:SSOBER  
H:RFLATEN  
L/NEA:DSMALL  
EB:AWATSON

-----111740Z 018738 /50

R 111527Z MAY 77  
FM SECSTATE WASHDC  
TO AMEMBASSY JIDDA

C O N F I D E N T I A L STATE 106878

FOR THE AMBASSADOR FROM SOBER

E.O. 11652: GDS

TAGS: ETRD, SA, XF, US

SUBJECT: INFORMING PRINCE FAHD ON CURRENT STATUS OF  
BOYCOTT LEGISLATION

REF: JIDDA 3350

1. WHEN YOU SEE FAHD, YOU COULD INFORM HIM THAT THE  
CONGRESS IS IN FINAL STAGES OF DRAFTING NEW LEGISLATION  
DEALING WITH FOREIGN BOYCOTTS. BOTH HOUSES HAVE PASSED  
BILLS WHICH PROBABLY WILL BE RECONCILED IN CONFERENCE VERY  
SOON. IT IS POSSIBLE THAT A BILL COULD BE PASSED BY BOTH  
HOUSE WITHIN THE NEXT TWO WEEKS.

2. ON MAY 3, THE PRESIDENT ANNOUNCED THAT AN AGREEMENT  
HAD BEEN REACHED BETWEEN THE BUSINESS ROUNDTABLE AND  
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SEVERAL JEWISH ORGANIZATIONS ON LEGISLATIVE LANGUAGE FOR  
THE BILL THEN UNDER CONSIDERATION BY THE SENATE. THE  
PRESIDENT COMMENDED THE AGREEMENT AND NOTED ESPECIALLY THAT  
IT RECOGNIZED THE NEED TO ALLOW CONTINUATION OF AMERICAN  
BUSINESS RELATIONS WITH COUNTRIES ENGAGING IN BOYCOTTS.  
THE PRESIDENT URGED THE SENATE AND THE CONGRESS TO ADOPT  
THE AMENDMENTS IN QUESTION. THESE AMENDMENTS WERE SUB-

SEQUENTLY EMBODIED IN THE SENATE BILL WHICH WAS ADOPTED BY AN OVERWHELMING VOTE. (YOU MAY WISH TO NOTE THAT SOME CONGRESSIONAL SUPPORTERS OF ANTI-BOYCOTT LEGISLATION EXPRESSED DISAPPOINTMENT, DURING THE SENATE DEBATE, THAT THE BILL WAS NOT MORE STRINGENT.)

3. YOU SHOULD RECALL THE MESSAGE WHICH SECRETARY VANCE SENT THE CROWN PRINCE JUST BEFORE THE SECRETARY'S APPEARANCE BEFORE CONGRESSIONAL COMMITTEES ON THE BOYCOTT ISSUE A COUPLE OF MONTHS AGO. HE SAID AT THAT TIME THAT HE WOULD BE EMPHASIZING (A) WE DO NOT QUESTION THE SOVEREIGN RIGHT OF OTHER COUNTRIES TO MAINTAIN A PRIMARY BOYCOTT AND REGULATE THEIR OWN COMMERCE--TO CONTROL THE SOURCE OF THEIR IMPORTS AND THE DESTINATION OF THEIR EXPORTS; AND (B) FOR OUR PART, U.S. LEGISLATION CAN PROPERLY ADDRESS THE PROBLEMS OF U.S. COMMERCE AND THE DECISIONS AND ACTIVITIES OF AMERICAN FIRMS RELATING TO THE PRACTICE OF A BOYCOTT BY FOREIGN COUNTRIES AGAINST ANOTHER COUNTRY. THE SECRETARY ALSO ASSURED THE CROWN PRINCE AT THAT TIME THAT HE WOULD ALSO BE STRESSING OUR INTENTION TO MAINTAIN CLOSE AND FRIENDLY RELATIONS WITH THE COUNTRIES OF THE MIDDLE EAST. THIS HAS BEEN DONE. WE ARE ENCOURAGED BY THE EFFORTS TO COME UP WITH A BILL THAT HAS A REASONABLE BALANCE. IT IS OUR BELIEF THAT THE BILL RECENTLY PASSED BY THE SENATE WOULD, IN FACT, PERMIT BUSINESS RELATIONS TO CONTINUE, ALTHOUGH THE EXPECTED NEW LANGUAGE WOULD REQUIRE CHANGES IN CERTAIN CURRENT TRADE PROCEDURES BY AMERICAN FIRMS. SOME CORRESPONDING MODIFICATIONS IN EXISTING PROCEDURES MIGHT

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ALSO BE NEEDED ON THE PART OF OUR ARAB TRADING PARTNERS.

4. YOU SHOULD INFORM FAHD THAT IT WAS VERY HELPFUL FOR THE SECRETARY TO BE ABLE TO REFER, IN HIS TESTIMONY TO CONGRESSIONAL COMMITTEES, TO SAG'S DECISION TO ACCEPT POSITIVE CERTIFICATES OF ORIGIN. IT HAS ALSO BEEN HELPFUL TO HAVE SAUDI REAFFIRMATION, AS CONVEYED TO THE SECRETARY BY FAHD, THAT RELIGIOUS CONSIDERATIONS PLAY NO PART IN THE APPLICATION OF THE BOYCOTT. WE LOOK FORWARD TO CONTINUED CONSULTATION WITH SAG ON THE IMPLICATIONS OF THE EXPECTED NEW U.S. LEGISLATION AND ON STEPS THAT WILL BE CALLED FOR TO ENSURE THAT OUR FUNDAMENTAL TRADE RELATIONSHIP NOT ONLY WILL BE MAINTAINED BUT WILL CONTINUE TO GROW.

5. YOU COULD NOTE THAT THIS SUBJECT WAS DISCUSSED AT SOME LENGTH WITH FINANCE MINISTER ABA AL-KHAYL WHEN HE CALLED AT THE DEPARTMENT ON MAY 3, TOGETHER WITH AMBASSADOR ALIREZA AND THE SAUDI DEPUTY MINISTERS OF FINANCE, COMMERCE AND FOREIGN AFFAIRS. FINALLY, YOU SHOULD TELL

FAHD THAT WE WILL BE PREPARED TO DISCUSS THE MATTER DURING  
HIS FORTHCOMING VISIT HERE, IN THE INTEREST OF ASSURING  
MAXIMUM UNDERSTANDING AND COOPERATION BETWEEN OUR  
COUNTRIES ON THIS SUBJECT. CHRISTOPHER

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## Message Attributes

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**Channel Indicators:** n/a  
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**Executive Order:** GS  
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**TAGS:** ETRD, SA, XF, US, (FAHD, PRINCE)  
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